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Summary of HB334 (1/28/2011 version)

Section 4 and Section 1 definition of PPD.

(26) "Permanent partial disability" means....(a) has a Class 2 or greater class of impairment...6th edition.

Section 4, 1 (a)—requires actual wage loss

1 (b)—requires Class 2 disability or greater

My reading of this section is that it applies to both PPD and PPI awards, requiring that it meet the (a) and (b) criteria. Section 4, 2, now reads "~~when a worker receives an impairment rating as the result of a compensable injury and has no actual wage loss as a result of the injury, the A~~ worker is only eligible to receive payment for an impairment award if the worker meets the criteria in subsection (1)." This seems to clearly exclude impairment awards given the stricken language.

I have information on the three back areas (cervical, thoracic, lumbar) where the Class 2 WPIs are 9%, 7% and 10% respectively. For lower extremities, the Class 2 restriction is less onerous with the minimum being no greater than 6% WPI and possibly less. For cardiovascular, the Class 2 is more restrictive, 30% WPI.

As a first cut, one could use 9% as a rough break for back conditions (thoracic are less frequent than lumbar and cervical), 5% for lower extremity and maybe upper extremity.

I used a rough breakpoint of WPI > 8% to estimate the Class 2+ cases. 15.9% of MT cases had a WPI = 9% or greater. 84.1% would be excluded. This estimate is consistent with the estimate of Class 2 impairments (13%) given by Chris Brigham, one of the editors of the 6th edition.

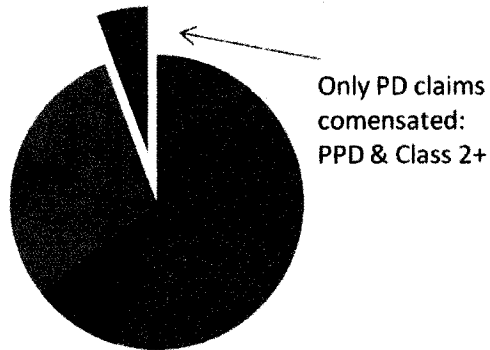
In addition, the provision excludes PPI cases entirely because of the "wage loss" criteria. The combination of the class 2 & wage loss restrictions reduce the fraction of cases receiving any benefits and the total amount of benefits received.

The final estimate is:

- 94.3% of current PD cases will be excluded from PD benefits entirely
- 83.9% of PD benefits will be eliminated
- Employer cost would be reduced by 8.4% or \$32.7 million

Permanent Partial Claims under LC0305

■ PPI--Class 0 or 1 ■ PPI--Class 2+ ■ PPD--Class 0 or 1 ■ PPD--Class 2+



Section 4, 3 increases the maximum number of weeks to 400. The impact of this change is on the 5.7% of cases and 16.1% of benefits still eligible for PD benefits. This benefit increase would:

- Increase employer cost by 0.1% or \$0.4 million.

The combination of the restriction to Class 2+ and wage loss and the change to \$400 weeks means that 94% of claims will receive no permanent partial benefits. But a substantial fraction of the claims receiving no benefits will have significant long-term wage loss. This is graphed below.

